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HOUSE BILL 2025 By  
Johnson

SENATE BILL 1991  
By Miller J

AN ACT to authorize the City of Loudon to establish a pilot project  
for development assistance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. It is the intent of the General Assembly to authorize the City of Loudon to establish a pilot project through the creation of a development assistance district to aid that community in the financing and management of services for development. It is further the purpose and intent of the General Assembly that a district created under this act not have or exercise any zoning power, and that all applicable planning and permitting laws, rules, regulations, and policies control the development of the land to be serviced by the district. It is further the purpose and intent of the General Assembly that no debt or obligation of a district constitute a burden on any local government without its consent.

SECTION 2. As used in this act unless the context requires otherwise, the term:

(A) "Assessable improvements" means, without limitation, any and all public improvements and community facilities that the district is empowered to provide in accordance with this act.

(B) "Assessment bonds" means special obligations of the district which are payable solely from proceeds of the special assessments levied for an assessable project.

(C) "Board" or "board of supervisors" means the governing board of the district or, if such board has been abolished, the board, body, or commission succeeding to the principal functions thereof or to whom the powers given to the board by this act have been given by law.

(D) "Bond" includes "certificate," and the provisions which are applicable to bonds are equally applicable to certificates. The term "bond" includes any general obligation bond, assessment bond, refunding bond, revenue bond, and other such obligation in the nature of a bond as is provided for in this act, as the case may be.

(E) "Cost," when used with reference to any project, includes, but is not limited to:

(1) The expenses of determining the feasibility or practicability of acquisition, construction, or reconstruction.

(2) The cost of surveys, estimates, plans, and specifications.

(3) The cost of constructing, acquiring, reconstructing, equipping, furnishing or bettering the improvements.

(4) Engineering, fiscal, architectural and legal expenses and charges in connection with such project and the issuance of the bonds.

(5) The cost of all labor, materials, machinery, and equipment.

(6) The cost of all lands, properties, rights, easements, and franchises acquired.

(7) Financing charges incurred or estimated to be incurred on money borrowed before and during construction and acquisition including, but not limited

to, the payment of interest on the bonds during construction of any such project and for two (2) years after the estimated date of completion.

(8) The creation of a reasonable reserve fund for the payment of principal and interest on such bonds in the event of a deficiency in the revenues and receipts available for such payment.

(9) Working capital.

(10) The cost of issuance of bonds pursuant to this act, including advertisements and printing.

(11) The cost of any election held pursuant to this act and all other expenses of issuance of bonds.

(12) The discount, if any, on the sale or exchange of bonds.

(13) Administrative expenses.

(14) Such other expenses as may be necessary or incidental to the acquisition, construction, or reconstruction of any project or to the financing thereof, or to the development of any lands within the district.

(15) Payments, contributions, dedications, and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any district purpose.

(F) "Development assistance district" means a local unit of special-purpose government which is created pursuant to this act and limited to the performance of those specialized functions authorized by this act; the head of which is a body created, organized, and constituted and authorized to function specifically as prescribed in this act for the delivery of development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure, and termination of which are as required by law.

(G) "District" means the development assistance district.

(H) "District manager" means the manager of the district.

(I) "District roads" means highways, streets, roads, alleys, sidewalks, landscaping, storm drains, bridges, and thoroughfares of all kinds and descriptions.

(J) "General obligation bonds" means bonds which are secured by, or provide for their payment by, the pledge, in addition to any special assessments levied for their discharge, any revenues pledged as security for their payment and any other sources as may be provided for their payment or pledged as security under the resolution authorizing their issuance, of the full faith and credit of the district and for payment of which recourse may be had against the general fund of the district. General obligation bonds may also be secured by the pledge of the unlimited ad valorem taxing power of the City of Loudon as to all taxable property in the district in the manner set forth in this act. Such bonds shall constitute general obligations only with respect to taxable property within the district and shall not be secured by the pledge of any ad valorem taxing power on property outside the district.

(K) "Landowner" means the owner of a freehold estate as appears by the deed record, including a trustee, a private corporation, and an owner of a condominium unit; it does not include a lessee, a reversioner, remainderman, mortgagee, or any governmental entity, who shall not be counted and need not be notified of proceedings under this act.

(L) "Local government" means the City of Loudon, Tennessee.

(M) "Project" means any development, improvement, property, utility, facility, works, enterprise, or service now existing or hereafter undertaken or established under the provisions of this act.

(N) "Refunding bonds" means bonds issued to refinance outstanding bonds of any type and the interest and redemption premium thereon. Refunding bonds shall be issuable and payable in the same manner as the refinanced bonds.

(O) "Registered voter" means the same as defined in Tennessee Code Annotated, § 2-1-104.

(P) "Revenue bonds" means obligations of the district which are payable from revenues derived from sources other than special assessments and which do not pledge the property, credit or general revenue of the district or the unlimited ad valorem taxing power of the City of Loudon as to all taxable property in the district.

### SECTION 3.

(A) This act constitutes the sole authorization for the future establishment of an independent development assistance district which has any of the specialized functions and powers provided by this act.

(B) All governmental planning, environmental, and land development laws, regulations, and ordinances apply to all development of the land within a development assistance district. A development assistance district does not have the power of a local government to adopt a comprehensive plan or building code. A district shall take no action which is inconsistent with applicable comprehensive plans, ordinances, or regulations of the City of Loudon.

### SECTION 4.

(A) The exclusive and uniform method for the establishment of a development assistance district shall be pursuant to the approval of a petition for the establishment of a development assistance district by the City of Loudon City Council.

(1) A petition for the establishment of a development assistance district shall be filed by the petitioner with the Recorder for the City of Loudon. The petition shall contain:

(a) A metes and bounds description of the external boundaries of the district. Any real property within the external boundaries of the district which is to be excluded from the district shall be specifically described,

and the last known address of all owners of such real property shall be listed. The petition shall also address the impact of the proposed district on any real property within the external boundaries of the district which is to be excluded from the district.

(b) The written consent to the establishment of the district by the owner or owners of one hundred percent (100%) of the real property to be included in the district or documentation demonstrating that the petitioner has control by deed, trust agreement, contract, or option of one hundred percent (100%) of the real property to be included in the district.

(c) A designation of five (5) persons to be the initial members of the board of supervisors, who shall serve in that office until replaced by elected members as provided in Section 5.

(d) The proposed name of the district, and a business plan for the district.

(e) A map of the proposed district showing current major trunk water mains and sewer interceptors and outfalls if in existence.

(f) Based upon available data, the proposed timetable for construction of the district services and the estimated cost of constructing the proposed services. These estimates shall be submitted in good faith but shall not be binding and may be subject to change.

(g) A designation of the future general distribution, location, and extent of public and private uses of land proposed for the area within the district by the future land use plan element of any effective local government comprehensive plan.

(h) An undertaking in form and substance acceptable to the City of Loudon whereby the district shall agree to reimburse the City for the

additional cost of all services provided by the City, its departments and employees that the City reasonably incurs as a result of the activities of the district, including without limitation all costs related to any election involving the district and the additional costs incurred by the City in collecting any taxes imposed by the district.

(i) A filing fee of five thousand dollars (\$5,000).

(B) Before filing the petition, the petitioner shall submit a copy of the petition to the Planning Commission for the City of Loudon, which shall review the same and make a recommendation to the Loudon City Council for or against approval.

(C) A public hearing on the petition shall be conducted by the City of Loudon City Council within sixty (60) days of filing. The hearing shall include oral and written comments on the petition pertinent to the factors specified in Section 4 (D) of this act. The hearing shall be held at an accessible location in the City of Loudon. The petitioner shall cause a notice of the hearing to be published in a newspaper at least once a week for the four (4) successive weeks immediately before the hearing. Such notice shall give the time and place for the hearing, a description of the area to be included in the district, including a map showing clearly the area to be covered by the district, and any other relevant information which the establishing governing bodies may require. The advertisement shall be published in a newspaper of general circulation in the City of Loudon. All affected units of local government and the general public shall be given an opportunity to appear at the hearing and present oral or written comments on the petition.

(D) The City of Loudon City Council shall consider the entire record of the local hearing, the transcript of the hearing, the recommendation of the Planning Commission, and the following factors in making the determination to grant or deny a petition for the establishment of a development assistance district:

(1) Whether all statements contained within the petition have been found to be true and correct.

(2) Whether the creation of the district is inconsistent with any applicable element or portion of an effective local government comprehensive plan or an effective comprehensive growth plan under Tennessee Code Annotated Title 6, Chapter 58.

(3) Whether the area of land within the proposed district is of sufficient size, is sufficiently compact, and is sufficiently contiguous to be developable as one functional interrelated community.

(4) Whether the district is the best alternative available for delivering community development services and facilities to the area that will be served by the district.

(5) Whether the community development services and facilities of the district will be incompatible with the capacity and uses of existing local and regional community development services and facilities.

(6) Whether the area that will be served by the district is amenable to separate special district government.

(7) The City of Loudon City Council shall not approve any petition which would expand, modify, or delete any provision of this act as set forth here, except as provided in Section 23.

(E) In considering the petition, the city may only approve or reject or defer the petition. The approval of a petition establishing a development assistance district shall:

(1) Describe the external boundaries of the district and any real property within the external boundaries of the district which is to be excluded.

(2) Name five persons designated to be the initial members of the board of supervisors.



(3) Name the district.

(4) Upon approval of the petition, the City of Loudon City Council shall adopt a resolution recognizing the creation of the development assistance district. Upon the adoption of the resolution, the development assistance district shall be a public instrumentality of the State of Tennessee.

#### SECTION 5.

(A) The board of the district shall exercise the powers granted to the district. The board shall consist of five (5) members; except as otherwise provided herein, each member shall hold office for a term of four (4) years and until a successor is chosen and qualified. Each member of the board shall be a resident of the state and a citizen of the United States.

(B)

(1) Two supervisors of the district (the "Appointed Supervisors") shall be appointed by the Loudon City Council, one of whom shall be designated by the Council to serve a limited term of two years and the other of whom shall serve an initial term of four years. Thereafter the Loudon City Council shall appoint a successor for each Appointed Supervisor as their respective terms expire, each of whom shall serve a term of four years. If a vacancy shall occur in the office of an Appointed Supervisor then the Loudon City Council shall appoint a successor to serve out the unexpired term of such Appointed Supervisor. Within ninety (90) days after the approval of the petition establishing the district, there shall be held a meeting of the landowners of the district for the purpose of electing the remaining three (3) supervisors for the district (the "Elected Supervisors."). Notice of the landowners' meeting shall be published once a week for two (2) consecutive weeks in a newspaper of general circulation in the City of Loudon. The last day of such publication shall be not fewer than fourteen (14) days nor

more than twenty-eight (28) days before the date of the election. The landowners, when assembled at such meeting, shall organize by electing a chair who shall conduct the meeting.

(2) At such meeting, each landowner shall be entitled to cast one (1) vote per unit owned by him or her and located within the district for each person to be elected. For purposes of this provision, each acre of land within the district shall be treated as a "unit." A fraction of an acre shall be treated as one acre, entitling the landowner to one vote with respect thereto. A landowner may vote in person or by proxy in writing. The two (2) candidates receiving the highest number of votes shall be elected for a period of four (4) years, and the candidate receiving the next largest number of votes shall be elected for a period of two (2) years. The members of the first board elected by landowners shall serve their respective four (4) year or two (2) year terms; provided, however, the next election by landowners shall be held in November at a date fixed by the board of supervisors. Thereafter, as the term of each Elected Supervisor shall expire, there shall be an election of Elected Supervisors for the district every two (2) years in November on a date fixed by the board of supervisors for full four (4) year terms.

(C) Members of the board shall be known as supervisors and, upon entering into office, shall take and subscribe to an oath of office. They shall hold office for the terms for which they were elected or appointed and until their successors are chosen and qualified. If, during the term of office, a vacancy occurs, in the office of an Elected Supervisor, the remaining members of the board shall fill the vacancy by an appointment for the remainder of the unexpired term.

(D) A majority of the members of the board constitutes a quorum for the purposes of conducting its business and exercising its powers and for all other purposes.

Action taken by the district shall be upon a vote of a majority of the members present unless general law or a rule of the district requires a greater number. As provided in Section 9(D) hereof, "Major Decisions" shall require the affirmative vote of at least four of the five members of the board.

(E) As soon as practicable after each election or appointment, the board shall organize by electing one of its members as chair and by electing a secretary, who need not be a member of the board, and such other officers as the board may deem necessary.

(F) The board shall keep a permanent record book entitled "Record of Proceedings of Development Assistance District," in which shall be recorded minutes of all meetings, resolutions, proceedings, certificates, bonds given by all employees, and any and all corporate acts. The record book shall at reasonable times be open to inspection in the same manner as state, county, and municipal records pursuant to Tennessee Code Annotated, Title 10, Chapter 7. The record book shall be kept at the office or other regular place of business maintained by the board in the county or municipality in which the district is located.

(G) All meetings of the board shall be open to the public and governed by Tennessee Code Annotated, Title 8, Chapter 44. Provided, however, a meeting of the board may be conducted by or in conjunction with communications media technology including teleconferences or video conferences. Any official action taken at a communications media technology meeting shall have not less than one (1) access point that is available to the public. The board shall provide public notice as otherwise required by law for other district meetings. The notice shall state that such meeting is to be conducted by means of communications media technology and shall describe how the public may attend and include the addresses of all access points. As used in this

section, "access point" means a designated place where the public may attend and have access to the communications media technology equipment.

#### SECTION 6.

(A) The board shall employ, and fix the compensation of, a district manager. The district manager shall have charge and supervision of the works of the district and shall be responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of this act, for maintaining and operating the equipment owned by the district, and for performing such other duties as may be prescribed by the board. It is not a conflict of interest under title 12, chapter 4, for a board member or the district manager or another employee of the district to be a stockholder, officer, or employee of a landowner. The district manager may hire or otherwise employ and terminate the employment of such other persons, including, without limitation, professional, supervisory, and clerical employees, as may be necessary and authorized by the board. The compensation and other conditions of employment of the officers and employees of the district shall be as provided by the board.

(B) The board shall designate a person who is a resident of the state as treasurer of the district, who shall have charge of the funds of the district. Such funds shall be disbursed only upon the order, or pursuant to the resolution, of the board by warrant or check countersigned by the treasurer and by such other person as may be authorized by the board. The board may give the treasurer such other or additional powers and duties as the board may deem appropriate and may fix his or her compensation. The board may require the treasurer to give a bond in such amount, on such terms, and with such sureties as may be deemed satisfactory to the board to secure the performance by the treasurer of his or her powers and duties. The financial records of the board shall be audited by an independent certified public accountant at least once a year.

(C) The board is authorized to select as a depository for its funds any qualified public depository which is used by the State Treasurer as a qualified public depository, upon such terms and conditions as to the payment of interest as the board may deem just and reasonable.

#### SECTION 7.

(A) The district shall provide financial reports in such form and such manner as prescribed pursuant to this act.

(B)

(1) On or before each April 15, the district manager shall prepare a proposed budget for the ensuing fiscal year to be submitted to the board for board approval. The proposed budget shall include at the direction of the board an estimate of all necessary expenditures of the district for the ensuing fiscal year and an estimate of income to the district from the assessments provided in this act. The board shall consider the proposed budget item by item and may either approve the budget as proposed by the district manager or modify the same in part or in whole. The board shall indicate its approval of the budget by resolution, which resolution shall provide for a hearing on the budget as approved. Notice of the hearing on the budget shall be published in a newspaper of general circulation in the area of the district once a week for two (2) consecutive weeks, except that the first publication shall be not fewer than fifteen (15) days before the date of the hearing. The notice shall further contain a designation of the day, time, and place of the public hearing. At the time and place designated in the notice, the board shall hear all objections to the budget as proposed and may make such changes as the board deems necessary. At the conclusion of the budget hearing, the board shall, by resolution, adopt the budget

as finally approved by the board. The budget shall be adopted before July 1 of each year.

(2) The City of Loudon City Council may review the proposed annual budget and any long-term financial plan or program and may submit written comments to the board for its assistance and information in adopting its annual budget and long-term financial plan or program.

SECTION 8. The district shall take affirmative steps to provide for the full disclosure of information relating to the public financing and maintenance of improvements to real property undertaken by the district. Such information shall be made available to all existing residents and to all prospective residents of the district.

SECTION 9. The district shall have, and the board may exercise, the following powers:

(A) To sue and be sued in the name of the district; to adopt and use a seal and authorize the use of a facsimile thereof; to acquire, by purchase, gift, devise, or otherwise, and to dispose of, real and personal property, or any estate therein; and to make and execute contracts and other instruments necessary or convenient to the exercise of its powers.

(B) To contract for the services of consultants to perform planning, engineering, legal, or other appropriate services of a professional nature.

(C) To borrow money and accept gifts; to apply for and use grants or loans of money or other property from the United States, the state, a unit of local government, or any person for any district purposes and enter into agreements required in connection therewith; and to hold, use, and dispose of such moneys or property for any district purposes in accordance with the terms of the gift, grant, loan, or agreement relating thereto.

(D) To adopt rules and orders prescribing the powers, duties, and functions of the officers of the district; the conduct of the business of the district; the maintenance of

records; and the form of certificates evidencing assessment liens and all other documents and records of the district. The board may also adopt administrative rules with respect to any of the projects of the district and define the area to be included therein. The board may also adopt resolutions which may be necessary for the conduct of district business. Notwithstanding anything to the contrary contained herein, the following matters, sometimes referred to herein as "Major Decisions," shall require the affirmative vote of at least four (4) members of the board:

(1) any exercise of the power of eminent domain; or

(2) the issuance of general obligation bonds secured by the ad valorem taxing power of the City of Loudon as to taxable property within the district.

(E) To maintain an office at such place or places as it may designate within the City of Loudon. The office shall be reasonably accessible to the landowners.

(F) To hold, control, and acquire by donation, purchase, or condemnation, or dispose of, any public easements, dedications to public use, platted reservations for public purposes, or any reservations for those purposes authorized by this act and to make use of such easements, dedications, or reservations for any of the purposes authorized by this act.

(G) To lease as lessor or lessee to or from any person, firm, corporation, association, or body, public or private, any projects of the type that the district is authorized to undertake and facilities or property of any nature for the use of the district to carry out any of the purposes authorized by this act.

(H) To borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness as hereinafter provided; to levy such special assessments as may be authorized; and to charge, collect, and enforce fees and other user charges.

(I) To raise, by user charges or fees authorized by resolution of the board, amounts of money which are necessary for the conduct of the district activities and

services and to enforce their receipt and collection in the manner prescribed by resolution not inconsistent with law.

(J) To cooperate with, or contract with, other governmental agencies as may be necessary, convenient, incidental, or proper in connection with any of the powers, duties, or purposes authorized by this act.

(K) To determine, order, levy, impose, collect, and enforce special assessments pursuant to this act. Such special assessments may, in the discretion of the district, be collected on an annual or monthly basis and enforced pursuant to general law.

(L) To acquire by eminent domain for district purposes any real property, including improvements and fixtures thereon, located in the district. This power of eminent domain shall be expressly limited to the acquisition of real property required by the district for the purposes set forth in Section 10 hereof. The power of eminent domain may be exercised pursuant to the provisions of either:

(1) Tennessee Code Annotated §§29-16-101 – 29-16-124, title 29, chapter 17, part 4, and any amendments thereto; or

(2) Pursuant to any other applicable statutory provisions, now in force or hereafter enacted, for the exercise of the power of eminent domain.

Property already devoted to a public use may be acquired; provided, that no property belonging to the City of Loudon or any other city or municipality or to any government may be acquired without its consent and that no property belonging to a public utility corporation may be acquired by the district.

(M) To exercise all of the powers necessary, convenient, incidental, or proper in connection with any of the powers, duties, or purposes authorized by this act.

(N) To exercise such special powers as may be authorized by this act.

SECTION 10. The district shall have, and the board may exercise, subject to the regulatory jurisdiction and permitting authority of all applicable governmental bodies, agencies,



and special districts having authority with respect to any area included therein, any or all of the following special powers relating to public improvements and community facilities authorized by this act:

(A) To finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain systems and facilities for the following infrastructures:

(1) Water management and control for the lands within the district and to connect some or any of such facilities with roads and bridges.

(2) To construct and operate connecting intercepting or outlet sewers and sewer mains and pipes and water mains(including fire plugs), conduits, or pipelines in, along, and under any street, alley, highway, or other public place or ways, and to arrange for the connection of such water and sewer lines to existing utilities.

(3) Bridges or culverts that may be needed across any drain, ditch, canal, floodway, holding basin, excavation, public highway, tract, grade, fill, or cut and roadways over levees and embankments, and to construct any and all of such works and improvements across, through, or over any public right-of-way, highway, grade, fill, or cut.

(4) District roads equal to or exceeding the specifications of the City of Loudon and street lights.

(5) Parks and facilities for indoor and outdoor recreational, cultural, and educational uses.

(6) Security, including, but not limited to, guardhouses, fences and gates, electronic intrusion-detection systems, and patrol cars, when authorized by proper governmental agencies; except that the district may not exercise any

police power, but may contract with the appropriate local government agencies for an increased level of such services within the district boundaries.

(7) Waste collection and disposal.

(8) The enforcement of covenants and deed restrictions, including architectural control, if an assignment of such rights by the declarant is made to the district.

(B) To adopt and enforce appropriate rules in connection with the provision of one (1) or more services through its systems and facilities.

SECTION 11. In addition to the other powers provided for in this act, and not in limitation thereof, the district shall have the power, at any time, and from time to time after the issuance of any bonds of the district have been authorized, to borrow money for the purposes for which such bonds are to be issued in anticipation of the receipt of the proceeds of the sale of such bonds and to issue bond anticipation notes in a principal sum not in excess of the authorized maximum amount of such bond issue. Such notes shall be in such denomination or denominations, bear interest at such rate or rates which may vary from time to time as the board may determine, mature at such time or times not later than five (5) years from the date of issuance, and be in such form and executed in such manner as the board shall prescribe. Such notes may be sold at either public or private sale or, if such notes shall be renewal notes, may be exchanged for notes then outstanding on such terms as the board shall determine. Such notes shall be paid from the proceeds of such bonds when issued. The board may, in its discretion, in lieu of retiring the notes by means of bonds, retire them by means of current revenues or from any assessments levied for the payment of such bonds; but in such event a like amount of the bonds authorized shall not be issued.

SECTION 12. The district at any time may obtain loans, in such amount and on such terms and conditions as the board may approve, for the purpose of paying any of the expenses of the district or any costs incurred or that may be incurred in connection with any of the projects

of the district, which loans shall bear such interest as the board may determine and may be payable from and secured by a pledge of such funds, revenues, and assessments as the board may determine, subject, however, to the provisions contained in any proceeding under which bonds were theretofore issued and are then outstanding. For the purpose of defraying such costs and expenses, the district may issue negotiable notes, warrants, or other evidences of debt to be payable at such times, to bear interest at such rate or rates which may vary from time to time and to be sold or discounted at such price or prices and on such terms as the board may deem advisable. The board shall have the right to provide for the payment thereof by pledging the whole or any part of the funds, revenues, and assessments of the district.

#### SECTION 13.

(A) SALE OF BONDS. Bonds may be sold in blocks or installments at different times, or an entire issue or series may be sold at one time. Bonds may be sold at a competitive public sale or at a private negotiated sale as the board may direct, and bonds may be sold at such price as the board may deem advisable. Bonds may be sold or exchanged for refunding bonds. Bonds may be delivered by the district as payment of the purchase price of any project or part thereof, or a combination of projects or parts thereof, or as the purchase price or exchange for any property, real, personal, or mixed, including franchises or services rendered by any contractor, engineer, or other person, all at one time or in blocks from time to time, in such manner and upon such terms as the board in its discretion shall determine. The price or prices for any bonds sold, exchanged, or delivered may be:

(1) The money paid for the bonds;

(2) The principal amount, plus accrued interest to the date of redemption or exchange, or outstanding obligations exchanged for refunding bonds; and

(3) The amount of any indebtedness to contractors or other persons paid with such bonds, or the fair value of any properties exchanged for the bonds, as determined by the board.

(B) AUTHORIZATION AND FORM OF BONDS. Any bonds may be authorized by resolution or resolutions of the board which shall be adopted by a majority of all the members thereof then in office. Such resolution or resolutions may be adopted at the same meeting at which they are introduced and need not be published or posted. The board may, by resolution, authorize the issuance of bonds and fix the aggregate amount of bonds to be issued; the purpose or purposes for which the moneys derived therefrom shall be expended, including, but not limited to, payment of costs; the rate or rates of interest; the denomination of the bonds; whether or not the bonds are to be issued in one or more series; the date or dates of maturity, which shall not exceed thirty (30) years from their respective dates of issuance; the medium of payment; the place or places within or without the state where payment shall be made; registration privileges; redemption terms and privileges, whether with or without premium; the manner of execution; the form of the bonds, including any interest coupons to be attached thereto; the manner of execution of bonds and coupons; and any and all other terms, covenants, and conditions thereof and the establishment of revenue or other funds. Such authorizing resolution may further provide that such bonds may be executed in accordance with the general law, except that bonds not issued in registered form shall be valid if manually countersigned by an officer designated by appropriate resolution of the board. The seal of the district may be affixed, lithographed, engraved, or otherwise reproduced in facsimile on such bonds. In case any officer whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

(C) INTERIM CERTIFICATES; REPLACEMENT CERTIFICATES. Pending the preparation of definitive bonds, the board may issue interim certificates or receipts or temporary bonds, in such form and with such provisions as the board may determine, exchangeable for definitive bonds when such bonds have been executed and are available for delivery. The board may also provide for the replacement of any bonds which become mutilated, lost, or destroyed.

(D) NEGOTIABILITY OF BONDS. Any bond issued under this act or any temporary bond, in the absence of an express recital on the face thereof that it is nonnegotiable, shall be fully negotiable and shall be and constitute a negotiable instrument within the meaning and for all purposes of the law merchant and the laws of the state.

(E) DEFEASANCE. The board may make such provision with respect to the defeasance of the right, title, and interest of the holders of any of the bonds and obligations of the district in any revenues, funds, or other properties by which such bonds are secured as the board deems appropriate and, without limitation on the foregoing, may provide that when such bonds or obligations become due and payable or shall have been called for redemption and the whole amount of the principal and interest and premium, if any, due and payable upon the bonds or obligations then outstanding shall be held in trust for such purpose and provision shall also be made for paying all other sums payable in connection with such bonds or other obligations, then and in such event the right, title, and interest of the holders of the bonds in any revenues, funds, or other properties by which such bonds are secured shall thereupon cease, terminate, and become void; and the board may apply any surplus in any sinking fund established in connection with such bonds or obligations and all balances remaining in all other funds or accounts other than money held for the redemption or

payment of the bonds or other obligations to any lawful purpose of the district as the board shall determine.

(F) ISSUANCE OF ADDITIONAL BONDS. If the proceeds of any bonds are less than the cost of completing the project in connection with which such bonds were issued, the board may authorize the issuance of additional bonds, upon such terms and conditions as the board may provide in the resolution authorizing the issuance thereof, but only in compliance with the resolution or other proceedings authorizing the issuance of the original bonds.

(G) REFUNDING BONDS. The district shall have the power to issue bonds to provide for the retirement or refunding of any bonds or obligations of the district that at the time of such issuance are outstanding. Refunding bonds may be issued at any time when in the judgment of the board such issuance will be advantageous to the district. The board may by resolution confer upon the holders of such refunding bonds all rights, powers, and remedies to which the holders would be entitled if they continued to be the owners and had possession of the bonds for the refinancing of which such refunding bonds are issued, including, but not limited to, the preservation of the lien of such bonds on the revenues of any project or on pledged funds, without extinguishment, impairment, or diminution thereof. The provisions of this act pertaining to bonds of the district shall, unless the context otherwise requires, govern the issuance of refunding bonds, the form and other details thereof, the rights of the holders thereof, and the duties of the board with respect to them.

(H) REVENUE BONDS.

(1) The district shall have the power to issue revenue bonds from time to time without limitation as to amount. Such revenue bonds may be secured by, or payable from, the gross or net pledge of the revenues to be derived from any project or combination of projects; from the rates, fees, or other charges to be

collected from the users of any project or projects; from any revenue-producing undertaking or activity of the district; from special assessments; or from any other source or pledged security. Such bonds shall not constitute an indebtedness of the district secured by the full faith and credit of the district or by the unlimited ad valorem taxing power of the City of Loudon with respect to taxable property in the district.

(2) Any two (2) or more projects may be combined and consolidated into a single project and may hereafter be operated and maintained as a single project. The revenue bonds authorized herein may be issued to finance any one (1) or more of such projects, regardless of whether or not such projects have been combined and consolidated into a single project. If the board deems it advisable, the proceedings authorizing such revenue bonds may provide that the district may thereafter combine the projects then being financed or theretofore financed with other projects to be subsequently financed by the district and that revenue bonds to be thereafter issued by the district shall be on parity with the revenue bonds then being issued, all on such terms, conditions, and limitations as shall have been provided in the proceeding which authorized the original bonds.

**(I) GENERAL OBLIGATION BONDS.**

(1) The district shall have the power from time to time to issue general obligation bonds for which the full faith and credit of the district is pledged to finance or refinance capital projects or to refund outstanding bonds.

(2) The district may also issue from time to time general obligation bonds for which there is unconditionally and irrevocably pledged the unlimited ad valorem taxing power of the City of Loudon as to all taxable property in the district, to the extent necessary for the payment thereof, without limitations as to

rate or amount, as follows (the following provisions shall apply only to general obligation bonds of the district secured by the unlimited ad valorem taxing power of the City of Loudon as to all taxable property in the district):

(a) Prior to the issuance of general obligation bonds pursuant to this paragraph, the board shall adopt a resolution (herein referred to as the "initial resolution") determining to issue such general obligation bonds.

The resolution shall state in substance:

(i) The amount or maximum amount of such general obligation bonds to be issued;

(ii) The purpose for which such general obligation bonds are to be issued;

(iii) The rate or maximum rate of interest which such general obligation bonds are to bear; and

(iv) A brief concise statement that such general obligation bonds will be payable from ad valorem taxes levied upon all the taxable property in the district and, if applicable, a brief statement or description of any special assessments levied for the discharge of such bonds, any revenues pledged as security for the payment of such bonds and any other sources provided for the payment of such bonds or pledged as security therefor.

(b) The initial resolution, together with a notice in substantially the following form, shall be published in full once in a newspaper of general circulation in the City of Loudon.

#### NOTICE

The foregoing resolution has been adopted. Unless within twenty (20) days from the date of the date of the publication hereof, a petition signed by at least ten percent (10%)



of the registered voters of the district shall have been filed with the Recorder for the City of Loudon protesting the issuance of the general obligation bonds, such bonds will be issued as proposed.

(c) No election upon a proposition for the issuance of such general bonds shall be necessary in any case where a petition has not been filed within the time limit specified in subparagraph (b) above. If a petition protesting the issuance of the general obligation bonds signed by at least ten percent (10%) of the registered voters of the district, determined as of the date of publication of the notice required in subparagraph (b) above, is filed with the Recorder for the City of Loudon within twenty (20) days from the publication of the initial resolution, then no such general obligation bonds shall be issued without the assent of the majority of the registered voters in the district, voting upon a proposition for the issuance of such general obligation bonds in the manner provided by subparagraphs (d) and (e) below. The county election commission shall certify to the Recorder for the City of Loudon and the board within fifteen (15) days of receipt by the county election commission of any petition filed hereunder, the total number of registered voters as of the date of publication of the notice and the total number of valid signatures of registered voters signing the petition. Registered voters shall not withdraw their signatures from a petition after signing the petition.

(d) If it is necessary to hold an election on the proposition to issue general obligation bonds, then the election shall be called by the board. Such election shall be held as an election on a question by the county election commission pursuant to Tennessee Code Annotated §2-3-204. The board shall adopt a resolution (herein called the "election resolution")

which shall supersede by its adoption, and immediately upon its adoption, the initial resolution, if any. The election resolution shall state in substance:

(i) The amount or maximum amount of general obligation bonds to be issued;

(ii) The purpose for which the general obligation bonds are to be issued;

(iii) The rate or maximum rate of interest which the general obligation bonds are to bear;

(iv) A brief concise statement that the general obligation bonds will be payable from ad valorem taxes levied upon all the taxable property in the district and, if applicable, a brief statement or description of any special assessments levied for the discharge of such bonds, any revenues pledged as security for the payment of such bonds and any other sources provided for the payment of such bonds or pledged as security therefor;

(v) A proposition to issue the general obligation bonds as it is to appear on the ballot, including the maximum amount of such bonds to be authorized and the purpose for which such bonds are to be issued; and

(vi) That the county election commission is to hold the election.

(e) Any registered voter in the district may vote in the election.

Upon receipt of the statement of the votes in the election from the county election commission, the board, at or before its next regular meeting,

shall again canvass the returns and determine and declare the results of the election.

(f) No suit, action or other proceeding contesting the validity of the bond election shall be entertained in any of the courts of this state unless such suit, action or other proceeding is commenced within ten (10) days from the date of canvassing of the returns and the determination and declaration of the results thereof by the board, whichever is later.

(g) If an election on the proposition to issue general obligation bonds is had and a majority of the registered voters voting on the proposition do not vote in favor of the issuance of the general obligation bonds in question, then the proposition shall not again be the subject of an initial resolution until three (3) months have expired from the date of such election.

(h) Before the issuance of any general obligation bonds pursuant to this paragraph, the City of Loudon City Council shall adopt a resolution (herein called the "tax resolution") which shall recite in substance that adequate provision will be made for raising annually by tax upon the taxable property in the district of a sum sufficient to pay the principal of and interest on such general obligation bonds as the same shall become due. Upon adoption of the tax resolution, a tax sufficient to pay when due the principal of and interest on the general obligation bonds shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the City of Loudon and shall be in addition to all other taxes authorized or limited by law. It is the duty of the City of Loudon City Council to include in the annual levy a tax sufficient to pay the principal of and interest on the general obligation bonds as the same become due;

provided, that if the bonds are payable from taxes and additionally secured by a levy of special assessments, by a pledge of revenues or by a pledge of other sources for payment thereof, and if the tax resolution shall so provide, then the tax to be levied and assessed by the City of Loudon City Council may be reduced by such amount and under such conditions as may be determined in the tax resolution. When any part of the principal of or interest on any general obligation bonds issued by the district pursuant to this paragraph are not paid when due, there shall be levied and assessed by the City of Loudon City Council and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the City of Loudon after such omission or failure, a tax sufficient to pay the same.

(i) Any holder of general obligation bonds issued pursuant to the provisions of this paragraph has the right, in addition to all other rights:

(i) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce such holder's rights against the City of Loudon, the City of Loudon City Council and any officer, agent or employee of the City of Loudon, including, but not limited to, the right to require the City of Loudon, the City of Loudon City Council and any proper officer, agent or employee of the City of Loudon to assess, levy and collect taxes within the district adequate to carry out any agreement as to, or pledge of, such taxes, and to require the City of Loudon, the City of Loudon City Council and any officer, agent or employee of the City of Loudon to carry out any other covenants and agreements and to perform its and their duties under this paragraph of the act; and

(ii) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such holder or holders of general obligation bonds.

(j) No holder of bonds issued under this act, other than general obligation bonds secured by the unlimited ad valorem taxing power of the City of Loudon within the district and issued under this paragraph of the act, shall ever have the right to compel the levying and collection of taxes to pay such bonds and the interest thereon.

(J) BONDS AS LEGAL INVESTMENT OR SECURITY.

(1) Notwithstanding any provisions of any other law to the contrary, all bonds issued under the provisions of this act shall constitute legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries and for any board, body, agency, instrumentality, county, municipality, or other political subdivision of the state and shall be and constitute security which may be deposited by banks or trust companies as security for deposits of state, county, municipal, or other public funds or by insurance companies as required or voluntary statutory deposits.

(2) Any bonds issued by the district shall be incontestable in the hands of bona fide purchasers or holders for value and shall not be invalid because of any irregularity or defect in the proceedings for the issue and sale thereof.

(K) COVENANTS. Any resolution authorizing the issuance of bonds may contain such covenants as the board may deem advisable, and all such covenants shall constitute valid and legally binding and enforceable contracts between the district and the bondholders, regardless of the time of issuance thereof. Such covenants may include, without limitation, covenants concerning the disposition of the bond proceeds;

the use and disposition of project revenues; the pledging of revenues, and assessments; the obligations of the district with respect to the operation of the project and the maintenance of adequate project revenues; the issuance of additional bonds; the appointment, powers, and duties of trustees and receivers; the acquisition of outstanding bonds and obligations; restrictions on the establishing of competing projects or facilities; restrictions on the sale or disposal of the assets and property of the district; the priority of assessment liens; the priority of claims by bondholders on the taxing power of the district; the maintenance of deposits to assure the payment of revenues by users of district facilities and services; the discontinuance of district services by reason of delinquent payments; acceleration upon default; the execution of necessary instruments; the procedure for amending or abrogating covenants with the bondholders; and such other covenants as may be deemed necessary or desirable for the security of the bondholders.

(L) ACT FURNISHES FULL AUTHORITY FOR ISSUANCE OF BONDS. This act constitutes full and complete authority for the issuance of bonds and the exercise of the powers of the district provided herein. No procedures or proceedings, publications, notices, consents, approvals, orders, acts, or things by the board, or any board, officers, commission, department, agency, or instrumentality of the district, other than those required by this act, shall be required to perform anything under this act. Nothing in this act shall be construed to authorize the district to utilize bond proceeds to fund the ongoing operations of the district.

(M) DEFAULT. A default on the bonds or obligations of a district shall not constitute a debt or obligation of a local government or the state.

SECTION 14. Any issue of bonds shall be issued pursuant to, and if applicable, secured by a trust agreement by and between the district and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the state.

The resolution authorizing the issuance of the bonds or such trust agreement may pledge the revenues to be received from any projects of the district and may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as the board may approve, including, without limitation, covenants setting forth the duties of the district in relation to: the acquisition, construction, reconstruction, improvement, maintenance, repair, operation, and insurance of any projects; the fixing and revising of the rates, fees, and charges; and the custody, safeguarding, and application of all moneys and for the employment of consulting engineers in connection with such acquisition, construction, reconstruction, improvement, maintenance, repair, or operation. It shall be lawful for any bank or trust company within or without the state which may act as a depository of the proceeds of bonds or of revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the district. Such resolution or trust agreement may set forth the rights and remedies of the bondholders and of the trustee, if any, and may restrict the individual right of action by bondholders. The board may provide for the payment of proceeds of the sale of the bonds and the revenues of any project to such officer, board, or depository as it may designate for the custody thereof and may provide for the method of disbursement thereof with such safeguards and restrictions as it may determine. All expenses incurred in carrying out the provisions of such resolution or trust agreement may be treated as part of the cost of operation of the project to which such trust agreement pertains.

#### SECTION 15.

(A) BENEFIT SPECIAL ASSESSMENTS. The board shall annually determine, order, and levy the annual installment of the total benefit special assessments for bonds issued and related expenses to finance district facilities and projects which are levied under this act. These assessments may be due and collected during each year that city taxes for the City of Loudon are due and collected, in which case such annual installment and levy shall be evidenced to and certified to the Loudon City Recorder by

the board not later than August 31 of each year, and such assessment shall be entered by the City Recorder on the city tax rolls, and shall be collected and enforced by the tax collector in the same manner and at the same time as city taxes, and the proceeds thereof shall be paid to the district. These benefit special assessments shall be a lien on the property against which assessed until paid and shall be enforceable in like manner as city taxes. The amount of the assessment for the exercise of the district's powers under this act shall be determined by the board based upon a report of the district's engineer and assessed by the board upon such lands, which may be part or all of the lands within the district benefited by the improvement, apportioned between benefited lands in proportion to the benefits received by each tract of land.

(B) MAINTENANCE SPECIAL ASSESSMENTS. To maintain and preserve the facilities and projects of the district, the board may levy a maintenance special assessment. This assessment may be evidenced to and certified to the Loudon City Recorder by the board of supervisors not later than August 31 of each year and shall be entered by the Loudon City Recorder on the city tax rolls and shall be collected and enforced by the tax collector in the same manner and at the same time as city taxes, and the proceeds therefrom shall be paid to the district. These maintenance special assessments shall be a lien on the property against which assessed until paid and shall be enforceable in like manner as city taxes. The amount of the maintenance special assessment for the exercise of the district's powers under this act shall be determined by the board based upon a report of the district's engineer and assessed by the board upon such lands, which may be all of the lands within the district benefited by the maintenance thereof, apportioned between the benefited lands in proportion to the benefits received by each tract of land.

(C) ENFORCEMENT OF ASSESSMENTS. The collection and enforcement of all assessments levied by the district shall be at the same time and in like manner as city



taxes, and the provisions of the general law relating to the sale of lands for unpaid and delinquent city taxes; the issuance, sale, and delivery of tax certificates for such unpaid and delinquent city taxes; the redemption thereof; the issuance to individuals of tax deeds based thereon; and all other procedures in connection therewith shall be applicable to the district to the same extent as if such statutory provisions were expressly set forth herein. The district and the Loudon City Recorder are hereby authorized to enter into an agreement whereby such City Recorder shall collect and enforce assessments levied by the district.

(D) WHEN UNPAID ASSESSMENT IS DELINQUENT; PENALTY. All assessments provided for in this act shall become delinquent and bear penalties on the amount of such assessments in the same manner as city taxes.

(E) TAX EXEMPTION. To the extent authorized by the state or by any political subdivision, agency, or instrumentality thereof, all bonds issued hereunder and interest paid thereon and all fees, charges, and other revenues derived by the district from the projects provided by this act are exempt from all taxes by the state or by any political subdivision, agency, or instrumentality thereof.

#### SECTION 16.

(A) The board may levy special assessments for the construction, reconstruction, acquisition, or maintenance of district facilities authorized under this chapter using the procedures for levy and collection provided in title 67, chapter 5.

(B) District assessments may be made payable in twenty (20) yearly installments.

#### SECTION 17.

(A) The board may, after any assessments for assessable improvements are made, determined, and confirmed as provided in Section 16, issue certificates of indebtedness for the amount so assessed against the abutting property or property otherwise benefited, as the case may be; and separate certificates shall be issued

against each part or parcel of land or property assessed, which certificates shall state the general nature of the improvement for which the assessment is made. The certificates shall be payable in annual installments in accordance with the installments of the special assessment for which they are issued. The board may determine the interest to be borne by such certificates and may sell such certificates at either private or public sale and determine the form, manner of execution, and other details of such certificates. The certificates shall recite that they are payable only from the special assessments levied and collected from the part or parcel of land or property against which they are issued. The proceeds of such certificates may be pledged for the payment of principal of and interest on any revenue bonds or general obligation bonds issued to finance in whole or in part such assessable improvement, or, if not so pledged, may be used to pay the cost or part of the cost of such assessable improvements.

(B) The district may also issue assessment bonds or other obligations payable from a special fund into which such certificates of indebtedness referred to in the preceding subsection may be deposited; or, if such certificates of indebtedness have not been issued, the district may assign to such special fund for the benefit of the holders of such assessment bonds or other obligations, or to a trustee for such bondholders, the assessment liens provided for in this act unless such certificates of indebtedness or assessment liens have been theretofore pledged for any bonds or other obligations authorized hereunder. In the event of the creation of such special fund and the issuance of such assessment bonds or other obligations, the proceeds of such certificates of indebtedness or assessment liens deposited therein shall be used only for the payment of the assessment bonds or other obligations issued as provided in this section. The district is authorized to covenant with the holders of such assessment bonds or other obligations that it will diligently and faithfully enforce and collect all the special assessments and interest and penalties thereon for which such certificates of

indebtedness or assessment liens have been deposited in or assigned to such fund; to foreclose such assessment liens so assigned to such special fund or represented by the certificates of indebtedness deposited in the special fund, after such assessment liens have become delinquent, and deposit the proceeds derived from such foreclosure, including interest and penalties, in such special fund; and to make any other covenants deemed necessary or advisable in order to properly secure the holders of such assessment bonds or other obligation.

(C) The assessment bonds or other obligations issued pursuant to this section shall have such dates of issue and maturity as shall be deemed advisable by the board; however, the maturities of such assessment bonds or other obligations shall not be more than two (2) years after the due date of the last installment which will be payable on any of the special assessments for which such assessment liens, or the certificates of indebtedness representing such assessment liens, are assigned to or deposited in such special fund.

(D) Such assessment bonds or other obligations issued under this section shall bear such interest as the board may determine, and shall be executed, shall have such provisions for redemption before maturity, shall be sold in the manner and be subject to all of the applicable provisions contained in this act for revenue bonds, except as the same may be inconsistent with the provisions of this section.

(E) All assessment bonds or other obligations issued under the provisions of this act, except certificates of indebtedness issued against separate lots or parcels of land or property as provided in this section, shall be and constitute and shall have all the qualities and incidents of negotiable instruments under the law of the state.

SECTION 18. All assessments of the district provided for in this act, together with all penalties for default in the payment of the same and all costs in collecting the same, including a reasonable attorney's fee fixed by the court and taxed as a cost in the action brought to enforce

payment, shall, from January 1 for each year the property is liable to assessment and until paid, constitute a lien of equal dignity with the liens for state and county taxes and other taxes of equal dignity with state and county taxes upon all the lands against which such taxes shall be levied. A sale of any of the real property within the district for state and county or other taxes shall not operate to relieve or release the property so sold from the lien for subsequent district assessments or installments of district assessments, which lien may be enforced against such property as though no such sale thereof had been made.

#### SECTION 19.

(A) The district has the right to pay any delinquent state, county, district, municipal, or other tax or assessment upon lands located wholly or partially within the boundaries of the district; and

(B) Delinquent assessments paid, redeemed or purchased, by the district, together with all penalties for the default in payment of the same and all costs in collecting the same and a reasonable attorney's fee, shall constitute a lien in favor of the district of equal dignity with the liens of state and county taxes and other taxes of equal dignity with state and county taxes upon all the real property against which the taxes were levied. The lien of the district may be foreclosed in the manner provided in this act.

(C) In any assessment sale, the district may certify to the clerk of the circuit court of the county holding such sale the amount of assessments due to the district upon the lands sought to be sold; and the district shall share in the disbursement of the sales proceeds in accordance with the provisions of this act and under the laws of the state.

SECTION 20. Any lien in favor of the district arising under this act may be foreclosed by the district by foreclosure proceedings in the name of the district in a court of competent jurisdiction as provided by general law. Any act required or authorized to be done by or on behalf of a municipality in foreclosure proceedings may be performed by such officer or agent of the district as the board of supervisors may designate. Such foreclosure proceedings may be

brought at any time after the expiration of one (1) year from the date any assessment, or installment thereof, becomes delinquent; provided, however, no lien shall be foreclosed against any political subdivision or agency of the state. Other legal remedies shall remain available.

#### SECTION 21.

(A) No contract shall be let by the board for the construction of any project authorized by this act, nor shall any goods, supplies, or materials be purchased, when the amount thereof to be paid by the district exceeds one hundred thousand dollars (\$100,000), unless notice of bids shall be advertised once in a newspaper in general circulation in the county and in the district. In each case, the bid of the lowest responsive and responsible bidder shall be accepted unless all bids are rejected because the bids are too high, or the board determines it is in the best interests of the district to reject all bids. The board may require the bidders to furnish bond in an amount and with a responsible surety to be approved by the board. Nothing in this section shall prevent the board from undertaking and performing the construction, operation, and maintenance of any project or facility authorized by this act by the employment of labor, material, and machinery.

(B) Contracts for maintenance and other services shall not be subject to competitive bidding unless the district adopts a rule applying competitive bidding procedures to such contracts.

SECTION 22. The board or any aggrieved person may have recourse to such remedies in law and at equity as may be necessary to ensure compliance with the provisions of this act, including injunctive relief to enjoin or restrain any person violating the provisions of this act or any bylaws, resolutions, regulations, rules, codes, or orders adopted under this act. In case any building or structure is erected, constructed, reconstructed, altered, repaired, converted, or maintained, or any building, structure, land, or water is used, in violation of this act or of any code, order, resolution, or other regulation made under authority conferred by this act or under

law, the board or any citizen residing in the district may institute any appropriate action or proceeding to prevent such unlawful erection, construction, reconstruction, alteration, repair, conversion, maintenance, or use; to restrain, correct, or avoid such violation; to prevent the occupancy of such building, structure, land, or water; and to prevent any illegal act, conduct, business, or use in or about such premises, land, or water.

#### SECTION 23.

(A) The board may petition to contract or expand the boundaries of a development assistance district in the following manner:

(1) The petition shall contain the same information required by Section 4.

In addition, if the petitioner seeks to expand the district, the petition shall describe the proposed timetable for construction of any district services to the area, the estimated cost of constructing the proposed services, and the designation of the future general distribution, location, and extent of public and private uses of land proposed for the area by the future land use plan element of the adopted local government local comprehensive plan. If the petitioner seeks to contract the district, the petition shall describe what services and facilities are currently provided by the district to the area being removed, and the designation of the future general distribution, location, and extent of public and private uses of land proposed for the area by the future land element of the adopted local government comprehensive plan.

(2)

(a) The petition shall be filed with the Recorder of the City of Loudon.

(b) Before filing the petition, the petitioner shall pay a filing fee of five hundred dollars (\$500) to the City of Loudon and to each municipality the boundaries of which are contiguous with or contain all or a portion of

the land within the district or the proposed amendment, and submit a copy of the petition to each affected municipality. In addition, if the district is not the petitioner, the petitioner shall file the petition with the district board of supervisors.

(c) Each affected municipality may hold a public hearing as provided by Section 4. Provided, however, such public hearing shall be limited to consideration of the contents of the petition and whether the petition for amendment should be supported by the municipality.

(d) The district board of supervisors shall hold the public hearing provided for by Section 4. This public hearing shall be noticed in the same manner as provided in Section 4. Within forty-five (45) days of the conclusion of the hearing, the district board of supervisors shall transmit to the Recorder of the City of Loudon the full record of the local hearing, the transcript of the hearing, any resolutions adopted by an affected government, and its recommendation whether to grant the petition for amendment. The City of Loudon City Council shall then proceed in accordance with Section 4.

(e) A petition amending a district boundary shall describe the land to be added or deleted.

(3) In all cases, written consent of all the landowners whose land is to be added to or deleted from the district is required.

(B) The district shall remain in existence unless:

(1) All of the specific community development services that it is authorized to perform have been transferred to a unit of local government in the manner provided in subsections (C), (D), and (E); or

(2) The district is dissolved as provided in subsection (F).

(C) The City of Loudon may adopt a nonemergency ordinance or resolution providing for a plan for the transfer of a specific community development service from a district to the City. The plan must provide for the assumption and guarantee of the district debt that is related to the service by the City and must demonstrate the ability of the City to provide such service:

(1) As efficiently as the district.

(2) At a level of quality equal to or higher than the level of quality actually delivered by the district to the users of the service.

(3) At a charge equal to or lower than the actual charge by the district to the users of the service.

(D) No later than thirty (30) days after the adoption of a transfer plan ordinance, the board of supervisors may file, in the circuit court for Loudon County, a petition seeking review by certiorari of the factual and legal basis for the adoption of the transfer plan ordinance.

(E) Upon the transfer of all of the development assistance services of the district to the City of Loudon, the district shall be terminated in accordance with a plan of termination which shall be adopted by the board of supervisors and filed with the Recorder of the City of Loudon.

(F) If, within five (5) years after the effective date of the petition creating the district, a landowner has not received a building permit, on some part or all of the area covered by the district, then the district may be dissolved by action of the Loudon City Council and the Recorder of the City of Loudon shall cause a statement to that effect to be filed in the appropriate public records.

(G) If a district is found to be inactive by the City of Loudon City Council, any land owned by the district shall revert to the City of Loudon.

SECTION 24.



(A) To the extent authorized by the state or any unit of local government or other instrumentality of the state, any bonds issued by the district under this act, their transfer and the income therefrom shall at all times be free from taxation by the state or any unit of local government or other instrumentality of the state, except for inheritance or gift taxes.

(B)

(1) Any pledge of, or lien on, revenues, assessments, taxes, fees, rents, tolls or other charges received or receivable by any district to secure the payment of any bonds or notes issued by a district pursuant to the provisions of this act, and the interest thereon, shall be valid and binding from the time that the pledge or lien is created or granted and shall inure to the benefit of the holder or holders of any such bonds or notes until the payment in full of the principal thereof and premium and interest thereon.

(2) The priority of any pledge or lien with respect to competing pledges or liens shall be determined by the date such pledge or lien is created or granted.

(3) Neither the resolution nor any other instrument granting, creating, or giving notice of the pledge or lien need be filed or recorded to preserve or protect the validity or priority of such pledge or lien.

(C) The provisions of subsection (B) apply to all pledges of and liens on revenues, assessments, fees, rents, tolls or other charges received or receivable by any district to secure the payment of any bonds or notes issued by a district

SECTION 25. After the creation of a district under this act, each contract for the sale of real estate within the district shall include, immediately before the space reserved in the contract for the signature of the purchaser, the following statement in boldfaced and conspicuous type which is larger than the type in the remaining text of the contract: "THE (Name of District) DISTRICT MAY IMPOSE ASSESSMENTS ON THIS PROPERTY THROUGH A SPECIAL

ASSESSMENT DISTRICT AND THE CITY OF LOUDON MAY IMPOSE TAXES ON THIS PROPERTY TO SECURE BONDS ISSUED BY SUCH DISTRICT. THESE TAXES AND ASSESSMENTS PAY THE CONSTRUCTION, OPERATION, AND MAINTENANCE COSTS OF CERTAIN PUBLIC FACILITIES OF THE DISTRICT. SUCH TAXES ARE SET ANNUALLY BY THE CITY OF LOUDON CITY COUNCIL AND SUCH ASSESSMENTS ARE SET ANNUALLY BY THE GOVERNING BOARD OF THE DISTRICT. THESE TAXES AND ASSESSMENTS ARE IN ADDITION TO COUNTY, CITY AND ALL OTHER TAXES AND ASSESSMENTS PROVIDED FOR BY LAW."

SECTION 26. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 27. This act shall have no effect unless it is approved by a two-thirds vote of the City of Loudon City Council. Its approval or nonapproval shall be proclaimed by the mayor and certified to the secretary of state. The ability of the City of Loudon to create a district pursuant to this act shall expire three (3) years after the date that this act becomes a law and any district created by the City of Loudon prior to such expiration shall issue no additional bonds to fund new debt obligations after the expiration of such three (3) year period other than bonds which refund existing debt obligations and do not increase the amount or extend the maturity thereof, provided, however, that such district shall remain in existence and continue to have all other powers and authority set forth herein until such time as all bonds and other debt instruments issued by it or any bonds issued to refund such debt have been repaid in full.

SECTION 28. For the purpose of approving or rejecting the provisions of this act, it shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, it shall take effect upon being approved as provided in Section 27.